

# FarmPLUS INSURANCE SERVICES



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## ***Crop insurance for tobacco in jeopardy***

**W**ith loss ratios exceeding 100 percent every year since 2001, a 10-year average loss ratio of 275 percent and a loss ratio of 452 percent for flue-cured tobacco in 2011, crop insurance for tobacco is under heavy scrutiny yet again.

On March 16, 2012, the Risk Management Agency (RMA) along with the North Carolina Farm Bureau and the Tobacco Growers Association of North Carolina (TGANC) held a meeting to discuss fraud, waste and abuse within the crop insurance program for tobacco. Since that meeting, there have been reactions from the North Carolina Farm Bureau, the North Carolina Department of Agriculture and Consumer Services (NCDACS) and the TGANC in the form of a joint letter offering any assistance necessary to RMA to rein in abuses of the federal crop-insurance program on tobacco.

Also, a coalition of Virginia and North Carolina crop-insurance agents including FarmPlus Insurance Services responded by offering 15 methods of reducing loss ratios on tobacco. These 15-talking points included only methods to target those producers that are generating the majority of the losses due to abuse. The goal of the agents' coalition was to offer suggestions to modify the policy in ways that will not adversely affect those farmers who have not been a part of the problem.

These 15-talking points were circulated in written form and then discussed during the teleconference which included representatives from RMA in Kansas City, Mo., and Raleigh, N.C. Following are some of the items that were discussed:

- Continuation of data mining to uncover abuses.
- Continuation of growing-season inspections (GSI) on those farmers that have been identified by data mining.
- Ineligibility of producers to participate in the tobacco insurance program based on certain criteria.
- Reinstatement of the good experience factor to reduce rates for those with good loss experience.
- Removal of yield floors to allow yields to fall to a farmer's true average.
- Use of each farmers' own actual yields when adding new farms versus use of the county T-yield.
- Appropriateness of current final-plant dates for different tobacco types in each region.
- Appropriateness of the current late-planting period for tobacco.

- Premium rates for mechanically versus hand-harvested tobacco.
- Possibility of a planting-rotation requirement.
- The avoidance of paying repeated disease losses on the same fields year after year.
- Discussion given to avoid paying losses attributable to overcropping.

The consensus among all parties involved from growers, to bankers, to agents and to RMA is that dramatic changes must occur in order to save access to the crop insurance program for tobacco.

Also, all parties have shown interest in policy changes that target abusers of the program rather than targeting all tobacco growers.

In the meeting held on March 16, RMA made it clear that changes would take place as soon as the 2014 crop year.

It's often asked, "Who can control the weather?" While it is true we can't control the weather or the other risks involved in farming, farmers can manage risk by avoiding risky practices such as overcropping, unirrigated tobacco, poor selection of varieties given disease pressures, etc.

We believe that it a great time for every tobacco grower to examine their operation to determine how to minimize losses. Certainly, the loss results for the 2012 and 2013 crop years will be under heavy scrutiny by RMA prior to changes that are adopted in 2014. We believe that RMA and the Office of Inspector General (OIG) have given the fairest of warnings that were possible. We also believe that the meeting on March 16 was a precursor to denial of tobacco coverage to certain producers, counties or in the worst case, all tobacco growers. Hopefully, policy changes, good weather and good farming practices will improve loss ratios prior to RMA following through on their threatened actions.

**O**ver the past few years, we've discovered that a service we can offer is matching growers with other growers who are in need of extra tobacco plants. If you have tobacco plants for sale, call and let us know how many, and which varieties you have. If you're in need of tobacco plants, let us know what you need. We provide this service at no charge to the growers.

## Crop Hints By Brent Craig



Once again, Mother Nature is throwing us another curve ball. Record warmth in the winter and a mild spring has really

pushed plants and trees a couple to three weeks ahead of schedule. One type of plant that is also ahead of schedule is the weed. I saw a thistle this past week-end in a field at my house that was almost knee high.

Webster's Dictionary defines the weed as an undesirable plant that is not valued where it is growing. I say it's a lot worse than that because weeds compete with our crops by consuming moisture and nutrients, and some are even toxic to

some species of livestock. The topic of this article will be one I have yet to give my opinion on—pasture weed control.

Pasture to a livestock producer can be as important as a corn crop is to a grain farmer. Livestock producers rely on the forage of that pasture to provide feed for both mature and young animals. If the pasture is lacking then the animals that depend on it will be lacking as well.

It takes a great deal of management to maintain a productive pasture. Soil fertility, stand management, grazing management and weed control are the top four in my opinion. When any one of these four are out of balance, the weeds will receive the advantage and likely take over.

Weed control is a corrective measure to try to reduce the amount of unwanted plants and suppress the amount of unwanted plants from making a seed head and furthering their chance of existence. There are many pounds of various weed seeds found in an acre of land beneath the soil's surface that have been there for hundreds of years.


I found this to be true when I had some pines planted in a field at home. The field was about four acres and had been either pastured or hayed for the last 30 years. We burned the fescue down with Roundup in the fall of 2009, no-tilled clover in it, and then planted the pines in the clover the following spring of 2010. I got a good stand of clover, and the survival rate of the trees was better than 90 percent. In the summer of 2011, I noticed I had a tremendous amount of plantain, some common pokeweed, stickweed and thistle. I had never seen plantain or pokeweed in that field. Were all these weed seeds in my clover seeds that I planted? No, if you have much experience with clover, you know that in the heat of the summer it will almost go dormant. When this happened, it allowed sunlight to reach some of the above weeds once they germinated from a scattered thunderstorm. Weed management is an ongoing practice. You will never get them all, but you can greatly reduce the numbers.

A recipe that I have found that works well for most broadleaf weeds is: 1.5 pints of Forefront HL per acre, 1 pint of Remedy Ultra per acre, 9 pounds of Affix per 100 gallons of water and 2 pints of Defac 80/20 per 100 gallons of water all applied with a volume of 20-25 gallons of water per acre. Forefront will work on the soft stemmed broadleaf weeds. Remedy works well on woody stemmed species of broadleaf weeds. Affix controls drift, increases the chemical contact on the leaf surface and is also an ammonium sulfate-based product. It will speed up the process of the chemical uptake by the plant. Defac is a non-ionic surfactant that helps the

chemical stick to the plant. I called a fertilizer/chemical dealer a couple of days ago and got prices on all of these. The chemical cost of this mix will run about \$31 per acre.

There are many different chemicals available to address broadleaf weeds. For example, 2-4D is cheap and works great on some broadleaf weeds, chickweed for example. However if you spray 2-4D on *Sericea Lespedeza* then you will be disappointed. It is a matter of matching the right chemical with the right application.


There are many things to consider when coming up with a chemical weed-control plan. I highly advise getting a recommendation from a qualified source, ex: Extension agent, agronomist or chemical dealer. There are many precautions to consider for crop rotation, reseeding, personal-protective equipment, etc. Remember to always read the label. Wishing you a prosperous growing season and letting you know, "We are working hard to keep you growing."

*The product and advice in this article are informational only. The mention of specific products is for familiarity reasons only.* 

## Crop hail on tobacco

During the month of May, we will be contacting tobacco growers regarding hail insurance (unsubsidized private insurance). If you have purchased hail insurance in the past or you are a new customer to our agency, we will certainly be in contact. If you have never purchased crop hail for tobacco through our agency, we will rely on you to contact us if you have an interest in crop-hail coverage for your tobacco.

Your federal crop-insurance policy covers hail damage on a farm-by-farm basis; however, federal crop insurance has the limitation of a large deductible and hail rarely hits on a farm-by-farm basis. Crop-hail insurance involves a small deductible from 0 percent to 10 percent, and claims are paid on a field-by-field basis. Crop-hail rates have remained very consistent for the past several years.

Optional wind coverage can be added to a crop-hail policy to cover leaf breakage and loss due to high winds. As a side note, the wind endorsement for crop hail does not provide any coverage for tobacco that is blown over by wind unless leaf or stalk breakage occurs. The federal crop policy does provide coverage for windblown tobacco that is leaning or lying on the ground if the tobacco cannot be harvested due to the wind damage. This coverage primarily comes into play if a producer harvests his tobacco solely with mechanical harvesters. 


While our primary focus has always been crop-insurance coverage, Jennifer Minter is always eager to help you with your farm, home, auto or any other insurance coverage that you have an interest in. Claudia Franklin and Amy Alderson can also be of service to you in these areas. We are an independent agency, which means that we have many companies to offer, and therefore, are almost always very competitive. If you bought your coverage through Southside Insurance Agency, Jennifer, Amy and Claudia will be happy to help you with your policy. Vivian, when at the Southside office, can receive your payment or can help you with your policy with the help of Jennifer and our staff in Blairs.

## Replant payments


An often overlooked portion of the crop-insurance policy and coverage is replant payments. Replanting payments are available on corn and soybeans if a poor stand or no stand is established prior to final late-planting dates.

For corn, the replant payment equals 8 bushels *times* the price election per bushel. For soybeans, the replanted payment equals 3 bushels *times* the price election per bushel. There is a 20/20 rule that applies to replant payments. A farmer must replant 20 percent of the acres in a unit or at least 20 acres to qualify for a replant pay-

ment. As an example, if a farmer has optional units and plants a unit with 10 acres of corn and if he has to replant 2 acres or more of the 10-acre unit, he will qualify for a replant payment.

As another example, if a farmer plants 200 acres and has enterprise units (EU), 20 acres or more replanted would qualify for a replant payment. It is imperative that a claim is turned in and a replant is authorized by an adjuster prior to replanting. If a claim is turned in after the replant occurs, the claim will be denied. **Don't forget about this important coverage.** 

## Pasture, Rangeland and Forage

In 2011, our agency updated our existing PRF customers for the 2012 crop year with most farmers continuing on with the PRF coverage. We didn't pursue a huge increase in acreage since the PRF program is still a pilot program, and we are still "testing the waters." There were mixed results in 2011 with an overall payout in our area. However, considering the severity of drought in 2011, we weren't greatly impressed with the amount of payout. Thus far in 2012, the only rainfall indices that have been published are the January-February numbers. It appears that almost everyone in South Central Virginia and North Central North Carolina with coverage in that time frame will receive some amount of payment. We're not very hopeful of additional payments between the end of February and the beginning of May, but we're sure that everyone agrees that we'd rather have the rains than to collect on PRF coverage. 

2012	Corn		Soybeans		Grain Sorghum		Flue-cured Tobacco		Fire-cured Tobacco		Burley Tobacco		Cotton	
	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.
<b>Virginia</b>														
Augusta	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Bedford	5/31	7/15	6/20	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Bland	6/10	7/15	6/20	7/15	—	—	—	—	—	—	6/20	7/15	—	—
Campbell	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Carroll	6/10	7/15	—	—	—	—	6/15	7/15	—	—	—	—	—	—
Charlotte	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Craig	6/10	7/15	6/20	7/15	—	—	—	—	—	—	—	—	—	—
Floyd	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Franklin	5/31	7/15	6/20	7/15	6/15	7/15	6/15	7/15	6/15	7/15	—	—	—	—
Halifax	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Henry	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Mecklenburg	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Montgomery	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Patrick	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Pittsylvania	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	—	—
Pulaski	6/10	7/15	6/20	7/15	—	—	—	—	—	—	—	—	—	—
Tazwell	6/10	7/15	—	—	6/15	7/15	—	—	—	—	6/20	7/15	—	—
Wythe	6/10	7/15	6/20	7/15	—	—	—	—	—	—	6/20	7/15	—	—
<b>North Carolina</b>														
Alamance	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Caswell	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—
Catawba	5/20	7/15	6/30	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Durham	5/20	7/15	6/30	7/15	—	—	6/5	7/15	—	—	—	—	—	—
Edgecombe	5/15	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	—	—	5/15	7/15
Forsyth	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Granville	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	5/15	7/15
Guilford	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Lee	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	5/15	7/15
Orange	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Person	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—
Pitt	5/15	7/15	6/30	7/15	6/15	7/15	5/25	7/15	—	—	—	—	5/15	7/15
Randolph	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Rockingham	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—
Stokes	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—
Surry	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—
Vance	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Wake	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	5/15	7/15
Wilkes	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	—	—	—	—
Yadkin	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	—	—	6/20	7/15	—	—

\*\*Sales closing dates: NC= All 02/28 except burley 03/15; VA=all 03/15

\*\*Determine the latest AR date for all the crops on the policy. This is the AR date for all spring crops on this policy.


## Crop-hail insurance for wheat

With a warm winter and a warm spring thus far, it appears that all of agriculture is ahead of pace this year as compared to other years.

The wheat and barley crops appear above average in the field. With current commodity pricing of wheat, many producers have included private crop-hail insurance for their wheat and barley as part of their risk-management program. The greatest risk to wheat and barley from hail damage is during dry-down.

Hail insurance for wheat and barley can be purchased to a maximum coverage of \$500 per acre. The cost per \$100 of coverage is \$1.40. The coverage would reimburse a farmer for wheat removed from the head by hail or for broken stalks from hail. The coverage has a zero-dollar deductible but requires at least 5-percent damage in order to recover the first 5 percent of loss.


Also, fire is an included cause of loss on the small grains crop-hail policy. This is perhaps the only place that coverage can be purchased for field fires that are manmade such as combine fires or vandalism.

A very typical amount of coverage purchased is \$300 per acre, which would cost \$4.20 per acre. If you have an interest in crop hail for wheat or barley, give us a call, and we typically handle the paperwork by phone and mail. 

### FarmPLUS INSURANCE SERVICES

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## Claims procedures modified

In an effort to give adequate notice to all producers, the claims manager for Rural Community Insurance Services (RCIS) contacted our office to let us know that in order to comply with the Risk Management Agency (RMA) established procedures, all entities will be verified as claims are worked by the adjusters in the 2012 crop year. Specifically, the adjuster will be asking to see the top half of your schedule 1040 tax return. They will be looking for a match of entity name, type, and tax ID number. By no means, should an adjuster ever ask for a copy of your schedule 1040. The adjuster is simply required to certify that he has reviewed your schedule 1040, and that the information contained therein matches with the crop insurance policy. 


## Get it planted, then get it reported

Most spring-planted crops have an acreage-reporting deadline of July 15, 2012, both at the Farm Service Agency (FSA) and your crop-insurance agent. In years past, the FSA deadline was commonly June 30, 2012. While it is convenient to have a later-reporting deadline at FSA, it is also very problematic.

Effective for 2012 and beyond, RMA is requiring producers to report acreage for crop insurance down to the field level. In the past, the requirement was simply to report the number of acres that occurred on each farm serial number for each crop. Reporting to the field level requires considerably more paper and time. Our office believes that the most practical method for reporting down to the field level is for the producer to first report to FSA and to then provide our office with an FSA 578 Producer Print. Typically, FSA generates the 578 Producer Print from a map-based report at their office or via a manual 578, which is also map-based. We, too, can provide a manual, map-based acreage-reporting form for you to fill out, but we believe that the duplication of efforts is an undue burden on our customers. However, a 578 Producer Print is not always produced immediately upon report of acreage to FSA. If a producer waits until the last day or two to report to FSA, it is highly unlikely that he/she will be able to provide us with a 578 Producer Print by the July 15 reporting deadline.

In these cases, it will be necessary for the grower to provide a map-based acreage report similar to FSA's

manual 578 as his/her crop-insurance acreage report so that the report will be timely. Remember that the ultimate goal is to report all acres by farm serial number, track number, and field number. Due to the warm winter and spring, it is our hope that producers will report their crops as planting is completed on each crop. Hopefully, all corn and tobacco acres can be reported well in advance of the July 15 deadline. We're in hopes that all early planted soybean acres can be reported well before the deadline.

This would only leave double-cropped acres to be reported just prior to the reporting deadline. For many growers, we have available to us the farm maps for the farms that are in their yield databases. Where possible, map-based acreage-reporting forms will be mailed no later than May 15, 2012, to all producers with instructions and return envelopes. If you are able to provide us with an FSA 578 Producer Print prior to July 9, 2012, we will transfer the information to our acreage reporting form and produce a printed version of your report for review and signature. If we don't receive your acreage report prior to July 9, we'll need for you to provide us with the completed map-based acreage report that we are sending. For those that provide us with a 578 Producer Print, you will be able to keep your maps that we provide for your own purposes. 

If you would like to receive an advanced copy of subsequent newsletters, please send us an e-mail to [farmersinsagency@earthlink.net](mailto:farmersinsagency@earthlink.net). Also, there are times when there is information that might be beneficial to you that, with your e-mail address, we will be able to get this information out to you as quickly as possible.